Canada Council for the Arts | Conseil des Arts du Canada

The Canada Council for the Arts

Governance Policy

December 2009

Governance Policy

(adopted March 2001; amended January 2003; amended December 2009)

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Chapter 1: Introduction

1.1 The Mandate of the Canada Council for the Arts

The mandate of Canada Council for the Arts is to "foster and promote the study and enjoyment of, and production of works in, the arts." The *Canada Council for the Arts Act* establishes the Canada Council for the Arts as a corporation, and as a registered charity. The Act refers to "members". For greater clarity in this Policy, references herein to "Board members" or the "Board" shall, unless otherwise indicated, mean members as defined in the Act. Any other term not defined herein shall have the definition set out in the Canada Council's By-laws.

To fulfil its mandate, the Canada Council for the Arts offers a broad range of grants and services to professional Canadian artists and arts organizations in music, theatre, writing and publishing, visual arts, dance, media arts and integrated arts. The Canada Council administers the Killam Program of scholarly awards and prizes in natural sciences, health sciences, engineering, social sciences and humanities. The Canada Council Art Bank rents contemporary Canadian art to the public and private sectors. The Canada Council is responsible for the Canadian Commission of the United Nations Educational Scientific and Cultural Organization (UNESCO), as well as the Public Lending Right Commission (PLRC), which compensates authors for public use of their works.

1.2 The Purpose of the Governance Policy

The Canada Council for the Arts is a Crown corporation governed by a Board consisting of a Chair, Vice-Chair and nine other members from across Canada. Board members are appointed by the Governor in Council (on the recommendation of the responsible Minister) for fixed terms. The Board meets at least three times a year and is responsible for the organization's policies, programs, budgets and grant decisions.

The Board is accountable to Parliament through the Minister of Canadian Heritage.

Corporate governance is the process and structure used to direct and manage the business of an organization. Its objective is to fulfill the organization's mandate. As stewards of the organization, Board members have a particular responsibility to maintain active oversight of the organization's governance. The Board must oversee the conduct of the Canada Council's business, direct Management, and endeavour to ensure that all major issues affecting the Canada Council are given proper consideration. A comprehensive corporate governance policy is a key tool for efficiency, effectiveness and accountability.

1.3 A Governance Framework for the Canada Council for the Arts

The Governance Policy of the Canada Council establishes the corporate governance framework for the organization. The objectives of this policy are to:

- define Board and Management roles and responsibilities;
- provide a consistent, coherent and comprehensive accountability framework which spans the entire organizational structure;
- facilitate strategic decision-making for Board and Management; and

- ❖ heighten Board, staff and external stakeholder confidence in the stewardship of the Board, the professionalism of Management and the integrity of the organization's activities and processes.

1.4 Accountability and Arm's Length Status

The Canada Council for the Arts is a Crown corporation operating at arm's-length from Government. When the *Canada Council of the Arts Act* was enacted, Parliament recognized the necessity to provide the new cultural organization with an important level of autonomy from Government which would protect the Council's ability to make judgments and to base its funding decisions on the evaluation of artistic quality. Parliament also recognized that the Council's governance structure needed to be commensurate with the nature and scope of its mandate and role.

This "arm's-length" status means that, within its mandate from Parliament, the Canada Council has full authority to establish its priorities, policies and funding programs, and make grant decisions. As a Crown corporation which dispenses public funds, the Canada Council has an equally high degree of responsibility to maintain the public trust and account fully and openly for its operations and decisions.

The principles of the Canada Council are guided by parliamentary statutes. The *Canada Council for the Arts Act* sets out the Canada Council's purpose, powers and duties. The *Financial Administration Act*, Part X, sets out the control and accountability regime for Crown corporations; however the Canada Council is exempt from most of this act.[1]

Each year the Canada Council must render account to Parliament through the Minister of Canadian Heritage for all proceedings under the *Canada Council for the Arts Act*. Like other Crown corporations, the Canada Council for the Arts is subject to other laws, such as the *Federal Accountability Act*, the *Privacy Act*, the *Access to Information Act*, the *Official Languages Act*, the *Employment Equity Act* and the *Canadian Human Rights Act*, as well as Treasury Board regulations. From time to time, the Canada Council is called to appear before parliamentary committees, particularly the House of Commons Standing Committee on Canadian Heritage.

The Director and CEO and other members of the Executive Management Group are responsible to the Board for ensuring that legal and regulatory requirements have been met and that documents and records have been properly prepared, approved and maintained.

The Auditor General of Canada audits the Canada Council every year. Beginning in 2008, and every 10 years thereafter, the Auditor General conducts a special examination of the Canada Council. This examination is a performance audit, going beyond strictly financial issues to examine systems and practices related to economy, efficiency and effectiveness.

1.5 The Canada Council's Public Policy Objectives

The Canada Council's statutory mandate provides the basis for the organization's public policy objectives. The *Corporate Plan* describes the Canada Council's fulfillment of its public policy role. The *Corporate Plan* (see section 2.3.3), which is provided voluntarily to government, describes the strategic

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[1] The Canada Council is not an agent of Her Majesty, and is not subject to Divisions I through IV of Part X of the *Financial Administration Act*, which apply to most Crown corporations, except for subsection 105(2) and sections 113.1, 119, 131 to 148 and 154.01 (ref. Subsection 85 (1.1) and (1.2)).

priorities and directions of the Canada Council and the mechanisms for ensuring implementation, monitoring performance and evaluating outcomes.

In accordance with Treasury Board Secretariat guidelines, the Canada Council is expected to be receptive to the government's general objectives, such as official languages and employment equity. When asked to voluntarily comply with the government's public policy objectives, it is the obligation of the Board to weigh any competing objectives and strike a judicious balance, which best serves the Canada Council in fulfilling its mandate.

Chapter 2: The Canada Council's Governance Policy

2.1 Responsibilities of the Board of the Canada Council

The Board has the overall responsibility for the organization, including finances, policies and grant decisions. The general duties of Board members include:

- establishing, approving and periodically reviewing the overall policies and the programs of the Canada Council;
- overseeing the effectiveness of such programs;
- providing direction and counsel to management in the strategic planning process and approving the Strategic Plan and Corporate Plan;
- approving the annual budget of the Council, including the allocation to various disciplines, purposes and programs;
- approving the annual financial statements and annual report, and major financial decisions;
- approving the proposed use of donations or bequests left to the Council;
- approving the annual performance evaluation and financial perquisites of the Director and CEO;
- approving the Council's internal audit plan;
- overseeing the stewardship of the organization's assets and liabilities, including overall responsibility for the investment funds;
- approving the appointment of members to Board committees;
- approving the Governance Policy, the Code of Ethics for members and enact, amend or repeal by-laws;
- monitoring the performance of management and holding management accountable for the Council's performance;

- ensuring that the granting process is decided in a rigorous manner with clear guidelines, and authorizing the awarding of grants either directly or through delegated authority; and

- approving the position description for the Director and CEO, and recommending to the Minister of Canadian Heritage position descriptions for members, including, though not limited to, the Vice-Chair and the Chair.

2.2 Board Integrity and Ethics

2.2.1 Distinction between the Overall Interests of the Canada Council and the Interests of Particular Stakeholders

Board members have an important oversight role. They are bound by a duty to act in the best interests of the organization, a principle founded on the conviction that decisions taken in the best interests of the Canada Council will also uphold the best interests of the Canada Council's stakeholders and its shareholder, the Government of Canada.

Board members must be scrupulous in distinguishing between the overall interests of the Canada Council and those of particular stakeholders. Board members must avoid the promotion of any personal interests, including those of appointing authorities, and of any other stakeholder or stakeholder group.

Board members are bound by a duty of care, which dictates that Board members must behave in a way and to a standard that would be reasonably expected from someone having that individual's knowledge and experience.

Board members' responsibilities with regard to interests that it may represent are addressed in the *By-laws*, the *Code of Ethics for Board Members*, and the *Conflict of Interest Act*, which are provided to Board members on appointment.

2.2.2 Responsibility for the Ethical Conduct of Board Members

The Canada Council's *Code of Ethics for Board Members* is based on principles and procedures adopted by the Government of Canada for all federal public office holders. Compliance of individual Board members with the *Code of Ethics for Board Members* and conflict of interest guidelines is the responsibility of each member of the Board and is monitored by the Chair. Compliance with the *Conflict of Interest Act* is a condition of appointment as a public office holder.

2.2.3 Disclosure of Conflict of Interest

Conflict of interest is a conflict between an individual's personal interests and his or her public duty. A conflict may exist whether or not a monetary benefit has been or may be conferred, and it includes both actual and perceived conflicts.

Obligations of Canada Council Board members in terms of conflict of interest are outlined in the *By-laws*, the *Code of Ethics for Board Members*, and the *Conflict of Interest Act* (Sections 4-19).

Each Board member is required to sign a Conflict of Interest Disclosure form every year, and to disclose conflicts as they occur.

2.2.4 Corporate Social Responsibility

The Canada Council is committed to carrying out its mandate in an environmentally, socially and ethically responsible manner in accordance with its values and principles.

In an effort to fulfill this, Council will continue to:

- conduct its business with honesty, integrity and fairness;
- strive to reduce its environmental footprint by incorporating environmental sustainability considerations into plans, programs, activities and projects; and
- provide an organizational climate that stimulates and supports employee performance and development.

The Board is responsible for the oversight and governance of the Canada Council's corporate social responsibility. Both individual Board members and the Board as a collective are responsible for ensuring the integration of social, environmental and ethical considerations into Board-related matters.

2.2.5 Board Independence

All members of the Board are independent directors, appointed by the Governor in Council. This independence is fundamental to sound governance and effective accountability. While the Director and CEO and Executive Management Group attend Board meetings to provide information and report on activities, only Board members may vote and make decisions.

Board committees are also composed of Board members, with some committees expanded to include external experts selected for their knowledge and expertise.

2.2.6 Approval of Complaints and Grievance Procedures

The Board approves procedures designed to deal with complaints and grievances from applicants to Canada Council programs and from members of peer assessment committees and ensures that these procedures work effectively. These procedures form part of the Canada Council's *Peer Assessment Policy*.

2.3 Stewardship and Corporate Governance

2.3.1 Governance Information and Disclosure

The Canada Council will include a description and report of its governance policy and practices in its Annual Report. Information disclosed in the Annual Report will include: the mandate and composition of the Board, a description of the work of Board Committees and the Board's expectations of Management in relation to the Corporate Plan.

Prior to the report's publication, the Governance and Nominating Committee approves the governance chapter of the Annual Report.

2.3.2 Obligations under the Canada Council's By-Laws

The Board is responsible for adopting the Canada Council's By-laws. The Governance and Nominating Committee reviews the Canada Council's By-laws and recommends changes to the Board as needed.

2.3.3 Setting Strategic Directions and Corporate Planning

Key responsibilities of the Board include overseeing and approving the overarching policies of the Canada Council, formulating strategic directions, and developing, approving and assessing the implementation of the Corporate Plan.

The Corporate Plan encompasses the Canada Council's business and activities and establishes the organization's priorities, objectives, strategies, performance indicators and desired impact. It commits the Canada Council to a planned strategic direction over a specific planning period, generally three to five years. While the Canada Council is not legislatively required to submit a corporate plan to government, it does so in the interest of full and open communication and disclosure.

The Corporate Plan results from an in-depth analysis of the organization and its environment by the Executive Management Group, Section Heads and the Board, which is done through a comprehensive strategic planning process. The strategic planning process consists of consultations with staff and stakeholders, along with analysis of the Canada Council's operating environment, its goals and priorities and its fundamental values, to develop strategic directions to guide the organization as it moves forward. The Board is responsible for overseeing this process and approving the strategic directions, the Strategic Plan and the Action Plan.

Management, in consultation with the Board, formulates the strategic direction and drafts the Corporate Plan. The Board is responsible for assessing and approving it. The result is a tool which guides the actions of the Board, management and staff in a forward-looking, cohesive effort to address the mandate of the Canada Council. It is also an effective means for communicating the objectives of the Canada Council to its shareholder in a coherent and transparent fashion. The Corporate Plan summary is available to the public.

Management reports to the Board on performance in relation to the objectives set out in the Corporate Plan and on the results achieved throughout the year. This regular monitoring of corporate performance assists the Board in its decision-making and provides a key accountability framework for the work of the organization. This forms the basis of the Canada Council's Annual Report, which is presented to Parliament through the Minister of Canadian Heritage.

2.4 Financial Oversight

2.4.1 Risk Management

The Board identifies and assesses on a regular basis the principal risks inherent in the Canada Council's activities and its external environment. It ensures that appropriate systems to monitor and manage these risks have been implemented. This involves briefings from management, as well as reports from the internal and external auditors.

2.4.1.2 Identification of Business, Financial and Physical Asset Risks

The Board maintains a thorough understanding of the principal risks inherent in the Canada Council's activities and its external environment. It strives to ensure the principal risks related to the Canada Council's business have been identified and that appropriate systems to monitor and manage these risks have been implemented. Management is held accountable for this.

The Canada Council is responsible for two investment funds: the Endowment and Special Funds, and the Killam Funds. The objectives of the Funds are:

1. to generate long term real returns to supplement the Parliamentary appropriation in the case of the Endowment and Special Funds, and
2. to support the fellowship and prize awards for the Killam Funds, while maintaining the purchasing power of the endowed capital and the annual grants.

In order to establish the parameters under which these funds will be managed, the Board has adopted the *Statement of Investment Policies and Goals*. These policies are the tool used by Canada Council's Investment Committee, investment managers and advisors to manage the portfolios.

2.4.2 Fiscal Management

All major decisions involving the Canada Council's assets and their financing are reviewed and approved by the Board. The Board's fiscal management responsibilities are outlined in the *By-laws*.

Through its Audit and Finance Committee, the Board communicates directly with its internal and external auditors and, as such, can discuss and review specific issues with them.

The Board approves the revenue, grants, services, administration and capital budgets.

2.4.3 Integrity of Internal Control and Information Systems

The Canada Council must ensure reliable information systems and internal control mechanisms are in place to safeguard assets, ensure that accounting data are timely and accurate, promote operational efficiency and adherence to prescribed policies and standards, and that they are in compliance with applicable laws and regulations.

Internal controls are the policies and procedures established and implemented alone, or in concert with other policies or procedures, to manage and control activities in which the organization is engaged or risks to which it is exposed.

The internal control environment provides the framework under which internal controls are developed, implemented and monitored. This framework provides clearly defined approval authorities and the documentation of controls.

The Board has the responsibility to ensure:

- that the Canada Council's control and information systems and its management practices are sound;
- that the Audit and Finance Committee reports as required on the Canada Council's compliance

with the laws, rules, regulations and contracts that govern it;

- that the Audit and Finance Committee reviews the management, information and control systems as part of the annual audit; and
- that appropriate and effective internal controls and financial reporting mechanisms are in place.

2.4.3.1 Audits

The Canada Council undergoes an annual external audit, conducted by the Office of the Auditor General, of the Canada Council's financial records. The objectives of this financial audit are to provide an independent opinion on whether the financial statements have been fairly presented, in all material respects, in accordance with Canadian generally accepted accounting principles[2], that they are consistent with the preceding year, and that transactions were in accordance with specified authority instruments. The annual audit report by the Office of the Auditor General is presented to the Audit and Finance Committee.

In accordance with the *Financial Administration Act* (section 138), at a minimum once every 10 years the Canada Council also undergoes a Special Examination by the Office of the Auditor General to determine that its systems and practices are maintained in a manner to provide reasonable assurance that the Canada Council's assets are safeguarded and controlled; that its financial, human and physical resources are managed economically and efficiently; and that its operations are carried out effectively.

The Canada Council also has in place a long-term internal risk-based audit plan. Each year, specific elements of the Canada Council's operations are subject to internal audits, conducted by an outside firm contracted for this function. The mission of the Canada Council's internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. The contracted firm for the internal audit reports functionally to the Audit and Finance Committee and administratively to the Director and CEO (or a designated representative).

2.5 Board Relationships with Management, Government and Other Stakeholders

2.5.1 Relationship of the Board to Management

It is incumbent on the Board and Management of the Canada Council to develop an effective working relationship and regularly review the effectiveness of that relationship. The Board and Management must form a relationship that works to further the best interests of the Canada Council.

The Board must determine what information is necessary to perform its work and inform Management of these requirements. Because needs change over time, the Board will periodically discuss with the Director and CEO the quantity, timing, frequency and usefulness of the information it receives.

[2] As of April 2011, the Canada Council will meet International Financial Reporting Standards (IFRS).

2.5.2 Allocation of Responsibilities

In conjunction with the Director and CEO, the Board periodically reviews the allocation of responsibilities between the Board and Management to ensure the optimal balance. This review focuses on defining and describing the Board's and Management's principal responsibilities and the limits to Management's authority.

The Board will ensure that it has sufficient expertise to carry out its duties and bring a balanced judgement to the assessment of Management and the merit of Management proposals.

2.5.3 Communications with the Minister of Canadian Heritage, Parliamentarians and Other Stakeholders

Good governance requires transparency and accountability. One important way of meeting these expectations is to consult with, and communicate information and decisions to stakeholders.

The Board has the responsibility to ensure that the Canada Council communicates effectively with the Minister and officials in the Department of Canadian Heritage (including the Deputy Minister and Portfolio Affairs Office), as it is accountable to Parliament through its Minister. It is also important for the Canada Council, as a federal Crown corporation, to communicate effectively and in a timely manner with its shareholder, the government of Canada, and with parliamentarians and key stakeholders, including the public and the arts community.

2.5.4 Communications with Staff

Discussions with staff dealing with Canada Council business should occur during Board meetings. Any further communication with staff is coordinated through the Corporate Secretary and the Chair's Office as may be necessary to better understand issues.

2.6 Board Meetings

The Board meets in person a minimum of three times a year in Ottawa. In order to promote the national mandate of the Canada Council, and to allow Board members the opportunity to meet with arts communities across the country, one Board meeting is held in a different Canadian city every year. Board teleconferences are organized on an as-needed basis.

2.6.1 *In Camera* Sessions

In camera sessions are scheduled with Board members only at every Board meeting. The agenda is coordinated by the Chair and includes discussion of issues that the Board wishes to discuss privately.

2.6.2 Annual Public Meeting

In accordance with the *Financial Administration Act* (Section 113.1), the Canada Council will hold an annual public meeting, providing an opportunity to share information and solicit feedback from the public. This meeting will address the Canada Council's activities and financial results. The annual public

meeting may be held outside of Ottawa, to provide the opportunity for stakeholders from across Canada to attend.

2.7 Board Committees

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of particular concern. There are four standing committees of the Board: the Executive Committee, the Investment Committee, the Audit and Finance Committee, and the Governance and Nominating Committee. Their roles, responsibilities and reporting requirements are defined in the *By-laws*.

Unless explicitly described in the *Canada Council for the Arts Act* or the *By-laws*, the Board committees, their membership and terms of reference can be established only through formal Board resolutions.

Membership of all standing committees, as well as Canada Council representation on the Executive Committee of the Canadian Commission for UNESCO and the Public Lending Right Commission, is approved by the Board based on the members' interests, expertise, and availability.

The use of a committee does not absolve the Board from responsibility for the committee's work or decisions. The full Board, through the Chair of each standing committee, is informed of each committee's activities, findings, and recommendations for approval at every Board meeting.

Committee minutes are circulated to all Board members for information.

2.8 Effectiveness and Renewal of the Board Membership

2.8.1 Assessment of Board Performance

The Board of the Canada Council will establish a mechanism for assessing its capacity and evaluating its performance. The responsibility for assessing the effectiveness of the Board and Board Committees rests with the Governance and Nominating Committee. The Board evaluation process is undertaken annually.

The Governance and Nominating Committee will ensure that the Board evaluation process is:

- aligned with established evaluation processes and goals;
- tailored to meet the needs of the Canada Council and the Board;
- designed to ensure candour, confidentiality and trust;
- regularly reviewed and improved as necessary;
- disclosed (process only) in the Annual Report;
- inclusive of a clear delineation of Board and Management powers; and
- structured to promote effective interaction between and among members.

The areas of assessment include:

- Board accountability, integrity, ethics, conflict of interest, duty of care, due diligence and overall responsibility;
- Strategic direction and corporate planning;
- Fiscal management;
- Board committees;
- Relationship to management and the Director (CEO);
- Communications;
- Peer assessment process and compliance with the Council's policy;
- Board operations, including discussions, meeting preparation, attendance and rules of order.

2.8.2 Board Renewal and Appointments

The Board advises the government on appropriate selection criteria for the position of the Chair, and the Vice-Chair, as well as competency profiles and future needs for Board members and for the position of Director and CEO.

The Governance and Nominating Committee maintains a skills and expertise profile based on the Canada Council's mandate, strategies, strengths and weaknesses, and the key issues and challenges facing the organization. Along with experience in and knowledge of the arts and expertise in areas such as finance and governance, it is also a priority to recommend candidates who represent Canada's official languages, regions, generations, Aboriginal Peoples, cultural diversity and gender.

An updated Board profile, with the selection criteria, identifying skills, expertise and representation requirements, is provided to the Minister of Canadian Heritage as vacancies arise.

2.8.3 Orientation and Education of Board Members

New Board members are provided with an orientation session and information package, and attend all committee meetings at the time of their first Board meeting. The information package describes the role of the Board, its committees and members, relevant policies and information relating to the Canada Council and its management, along with conflict of interest information and the *Code of Ethics for Board Members*. New Board members also meet with the Canada Council's Executive Management Group to discuss key functions and activities.

New members are expected to attend the government's orientation program about Crown corporation governance. Ongoing training and professional development on matters of governance, financial literacy, and other Board-related matters are available should the Board determine their desirability.

2.9 Director and CEO's Position

2.9.1 Responsibilities of the Director and CEO of the Canada Council

The Director and CEO carries out the policies and directives of the Board, reports to the Board, attends meetings of the Board and Board Committees, and represents the Canada Council personally or through a delegate in its relations with departments and agencies of the government and other

organizations. The Director and CEO keeps the Board updated on important factors affecting the realization of the Canada Council's strategic objectives. The Director and CEO is accountable to the Board.

2.9.2 Performance Evaluation of the Director and CEO

The *Performance Management Program (PMP) for Chief Executive Officers (CEOs) of Crown Corporations* are established by the Privy Council Office.

Through the Executive Committee, the Board has the responsibility to:

- identify the skills and characteristics it judges essential for the position of Director and CEO;
- periodically review the job description for the Director and CEO;
- develop and review on an annual basis a set of corporate objectives that the Director and CEO is accountable for achieving; and
- monitor the Director and CEO's performance on an annual basis.

The Chair, on behalf of the Board, communicates the results of the Director and CEO's annual performance appraisal to the Minister of Canadian Heritage, as per the guidelines established by the Privy Council Office. Compensation matters are subject to the Governor in Council's approval.

Chapter 3: Canada Council's Core Activities and Key Accountabilities

3.1 Organizational Structure

The Canada Council is structured in four divisions (Arts Disciplines, Communications, Human Resources, and Finance and Administration), each led by a Divisional Director reporting to the Director and CEO of the Canada Council. Housed within the Director's Office are the Council Secretariat and Strategic Initiatives, Stakeholder Relations and the Canadian Commission for UNESCO.

The Canada Council's Executive Management Group, composed of the Director and CEO, the four Divisional Directors, the Corporate Secretary/Director of Strategic Initiatives, the Director of Stakeholder Relations and the Secretary General of the Canadian Commission for UNESCO, is responsible for ensuring that the Canada Council's legal and regulatory obligations have been met and that the organization's strategic directions and operational requirements are implemented and managed.

The Canada Council operates on the basis of corporate policies that are amended from time to time. The Board has delegated to the Director and CEO and Executive Management Group responsibility for the implementation and modification of existing policies and the development of new policies, providing they are consistent with the Canada Council's Strategic Plan and Corporate Plan.

Each division is sub-divided into management units or sections. Arts Disciplines deal explicitly with the Canada Council's core business of delivering arts grants, services and Public Lending Right payments. Finance and Administration, Human Resources and Communications provide cross-Council administrative and communications management support. Endowments and Prizes, which administers

Canada Council prizes, and the Art Bank, are housed within the Communications Division. See Appendix I for the major roles and responsibilities of each division.

A detailed organizational chart is presented to the Board for information each year, in order to allow the Board to review the Canada Council's organizational structure.

3.2 Key Accountabilities and Operational Principles

3.2.1 Priorities, Programs and Planning

The Board is responsible for setting the strategic priorities for the Canada Council in consultation with the Executive Management Group. In response to these priorities, the Executive Management Group is responsible for developing specific operating policies, program criteria, objectives and assessment procedures. Unit Managers and Section Heads are responsible for day-to-day implementation and regular review of the programs. In the Strategic Initiatives and Arts Disciplines Divisions, discipline-based advisory committees, selected through an internal process and approved by the Divisional directors, may assist in the review process. All program changes are shared with the Board for information. Major program changes and the introduction of new programs require Board approval.

The principal planning vehicle is the Canada Council's *Corporate Plan*, which the Canada Council voluntarily submits to the Treasury Board at three-year intervals. Planning outcomes are reported in the Annual Report. The Canada Council prefaces each planning period with consultations and research across the arts sector, which inform the development of the strategic plan for the next three to five year period.

3.2.2 Peer Assessment and Adjudication

Peer assessment is the key principle sustaining the Canada Council's competitive granting process.

For most grant or prize competitions, program officers form an expert assessment committee, usually of three or five members, drawing on a large pool of names maintained and frequently updated by the Canada Council. Through a regular review process, the Canada Council ensures that these committees reflect a diversity of professional experience and artistic practice, official languages, region, gender, age, cultural diversity and Aboriginal representation. Over 800 peer assessors are involved in this process annually, and their input is critical to the Canada Council's understanding of the development of artistic practice in Canada.

Assessors are required to identify conflicts of interest and recuse themselves if necessary during discussion of the relevant application. After reviewing the eligible applications in terms of the published program evaluation criteria, the committee recommends which applicants should receive grants and in what priority. Grants are then determined, within the limits of the program budget. Artistic merit in a national competitive context is the primary criterion. In the case of organizations, administrative capacity is also given significant weight.

Once successful candidates have been informed and have accepted the grant conditions, including a requirement to report on their use of the funds, the Canada Council releases the payment.

All recommended grants over $100,000 must be submitted for Board approval by resolution. Grants for lesser amounts are approved by delegated authority to the Director and CEO or the appropriate Divisional Director or Section Head and submitted to the Board for information. The Board is responsible for ensuring compliance with its approved peer assessment policy and conflict of interest guidelines.

3.2.3 Financial management

The Canada Council operates on the same fiscal year as the federal government (April to March). Through its Finance and Administration Division, with the assistance of a Board-appointed Investment Committee, it manages an Operating Endowment, Special Funds (in support of prizes) and the Killam Fund. Other Canada Council assets include artworks in the holdings of the Art Bank and fine-stringed instruments owned by the Canada Council or on loan from donors as part of the Musical Instrument Bank program.

The Board has approved a delegation of authority for expenditures. This delegation can be amended only by the Board.

3.2.3.1 Financial reporting

Following Canadian generally accepted accounting principles, the Finance and Administration Division produces quarterly and annual financial statements. The quarterly statements are reviewed by the Board's Audit and Finance Committee, and the annual financial statements, by the full Board. Under the terms of the *Financial Administration Act*, the accounts and transactions of the Canada Council must undergo an annual audit and a special examination every 10 years by the Auditor General of Canada.

3.2.3.2 Budget development process

The Canada Council's budget development process is informed by the directions described in the *Strategic Plan*, *Action Plan* and *Corporate Plan*. The Canada Council presents its annual budget recommendations for revenue, grants, services, administration and capital expenses to the Board for consideration and approval at each December meeting.

The development process begins with extensive consultation across all divisions, providing opportunity for all staff to engage in the budgeting process. This also allows for a discussion regarding the status of the Strategic Plan priorities. The budget process includes a mid-year review of the budget for the current year, as well as preparation for the upcoming year's budget. This presents the opportunity to propose mid-year reallocations within divisional and sectional budgets in order to address arising initiatives and the implementation of the Action Plan.

The budget process is coordinated by the Finance and Administration Division, however, the Finance and Administration Division does not decide the budget recommendations. The final decision for the budget recommendations presented to the Board rests with the Executive Management Group and the Director and CEO. After review by management, the budgets are presented first to the Audit and Finance Committee and then to the Board for approval.

3.3 Amendments to the Governance Policy

The *Governance Policy* was updated in December 2009. The Council Secretariat will continue to monitor and revise the policy on a regular basis, ensuring that the Canada Council's practices and procedures are kept current with acceptable standards, under the direction of the Governance and Nominating Committee. The policy is reviewed by the Governance and Nominating Committee on an annual basis. Any questions regarding this document may be directed to the Corporate Secretary.

Approved by the Board in December 2009.

For further information, contact:

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Appendix I: Canada Council Divisions: Major Roles and Responsibilities

A. Director's Office

i. Council Secretariat and Strategic Initiatives

Responsibilities include:

- management of Board operations and keeping the minutes of all Board and Board Committee meetings;
- management of the corporate governance framework;
- oversight of the strategic and corporate planning process;
- developing the concept and mechanisms for centres of expertise in the areas of Aboriginal arts, equity, partnership and networks, and research;
- contributing to the development of policies, programs and strategic initiatives in these areas and developing frameworks for program evaluation, policy analysis, performance measurement and equity in its broadest sense (cultural, regional, linguistic, intergenerational, gender and disability) and partnership;
- manages the Canada Council's relationships with Canadian Arts Database/ Données sur les arts au Canada (CADAC) and the Canadian Public Arts Funders (CPAF)
- planning, developing and delivering targeted grant programs through the Aboriginal Arts Office and the Equity Office;
- developing corporate positions on current and emerging arts policy issues with federal departments and agencies, other levels of government, and national and international non-governmental organizations;
- coordination of the implementation of Article 41 of the Official Languages Act; and
- fulfilling the federal requirements for the Canadian Multiculturalism Act.

ii. Stakeholder Relations

Responsibilities include:

- providing leadership, advice and guidance in developing and maintaining strategic networks with national and international stakeholders and strengthening the leadership position of the Canada Council; and
- acting on behalf of the Director and CEO in a variety of forums, engaging stakeholders in addressing interests and concerns related to the Canada Council's strategic objectives, priorities and goals.

iii. Canadian Commission for UNESCO

The *Canada Council for the Arts Act* assigns responsibility for the Canadian Commission for UNESCO to the Canada Council. Pursuant to its Constitution and By-laws, the Commission has a 17-member Executive Committee that is responsible for its general policy and program orientations. The Director and CEO and one member of the Canada Council Board are members of the Canadian Commission for UNESCO Executive Committee.

Responsibilities include:

- implementing UNESCO program activities in Canada;
- coordinating Canadian participation in UNESCO activities abroad;
- consulting with Canadian governments at the federal, provincial/territorial and municipal levels, civil society and individuals, and developing Canadian positions on UNESCO-related issues;
- providing foreign policy advice to the Department of Foreign Affairs and International Trade on UNESCO-related issues; and representing Canada at UNESCO meetings such as the General Conference, the Executive Board and expert committees.

B. Arts Disciplines Division

Responsibilities include:

- planning, developing and delivering grant programs through six disciplinary sections (Dance, Media Arts, Music, Theatre, Visual Arts and Writing and Publishing), the Inter-Arts Office, the Audience and Market Development Office and the Arts Services Unit;
- managing the peer assessment process and ensuring the system serves the public interest;
- fostering artistic excellence and supporting the development of professional arts endeavours through the stages of creation, production and dissemination;
- administering the activities of the Public Lending Right program and its Commission;
- strengthening the Canada Council's capacity to adopt an integrated approach across all arts disciplines to activities related to the provision of financial support to professional artists and arts organizations; and
- outreach, information services, and ongoing communication with the arts community, on a national and international level.

C. Finance and Administration Division

Responsibilities include:

- preparing, administering and monitoring compliance with policies, procedures and standards for the Canada Council's financial management systems and processes, including overseeing of procurement mechanisms (professional service contracts, requests for proposals, memoranda of understanding, etc.);
- overseeing and ensuring the proper recording of the Canada Council's financial activity, preparing monthly, quarterly and annual financial statements, coordinating the annual budget process, providing payroll services, meeting financial and internal audit requirements and communicating with auditors (internal and external);
- overseeing risk management of the Canada Council's assets;
- overseeing the management of the Canada Council's investment portfolio by attending Investment Committee meetings and reviewing reports from the investment consultant and investment managers;
- maintaining and administering the Canada Council's electronic reporting systems, information technology and telecommunications;
- providing administrative services including management of the premises (security, landlord relations and office construction), reception and mail services, and office supplies;
- ensuring the Canada Council's compliance with the *Access to Information Act* and the *Privacy Act*;

- safekeeping, management and storage of all Canada Council records in all formats (paper, electronic, etc.) in accordance with federal policy and legislation; and
- delivery of services to staff and researchers through the Canada Council's reference and library collection.

D. Human Resources Division

Responsibilities include:

- ensuring that the Canada Council remains in compliance with relevant legislation and regulations with respect to employees (e.g., Canada Labour Code, employment equity, official languages, respect in the workplace, internal disclosure of wrongdoing, accommodation in the workplace, etc.);
- overseeing working conditions, pension and benefit packages, recruitment processes, the performance management and learning opportunities for staff, to maximize the Canada Council's investment; and
- developing and providing integrated human resources programs, policies and initiatives that are directly aligned with the Canada Council's mandate, priorities and operational goals.

E. Communications Division

Responsibilities include:

- design, development and implementation of communications and arts promotion policies and strategies, programs, activities and tools, including digital media and the Internet;
- designing and developing the Canada Council's publications, including the Annual Report;
- ensuring that key messages are closely aligned with the Canada Council's strategic directions and designed to communicate those messages effectively to government, the arts community, media and other stakeholders;
- liaising with the Human Resources Division on internal communications strategies, messages and tools, including the content and format of the Canada Council's Intranet;
- administering the Canada Council's extensive program of prizes and awards for artists and scholars and celebrating the success of the winners;
- operating the Art Bank and its art rental and acquisition programs; and
- providing central translation, design, writing and production services.